



## UNDERCUT HOLE HITS WIDESPREAD GOLD MINERALIZATION NORTH OF WAWA

January 10, 2007 - Toronto, Ontario. - Trelawney Resources Inc. (TRR-TSXV) reports that drilling on the Mishi Project, located 50 kilometres northwest of Wawa, Ontario, has re-commenced after the Christmas holidays and drilling is scheduled to continue for the next several months. The Company is currently considering employing two drill rigs later this month. Winter drill camps have been constructed on site, and prior to the Christmas break seven holes (MC-06-54 to MC-06-60) were completed totalling 1,407 metres. All holes intersected the Dorset Deformation Zone, and assay results have now been received for holes MC-06-54, 55 and 56. Hole 54 returned an averaged assay result of 2.06 g/t gold (0.06 ounces gold per ton) over a core length of 16.9 metres (55.4 feet) (estimated true width of 13.0 metres), including a higher grade section of 4.37 g/t Au (0.13 ounces gold per ton) over a core length of 4.5 metres (14.8 feet) (estimated true width of 3.5 metres). Individual assays results ranged from anomalous to 8.55 g/t gold over 1 metre. The intersection of the Dorset Zone in hole MC-06-54 is located approximately 50 metres (164 feet) vertically below hole MC-06-51, which assayed 3.26 g/t gold (0.10 ounces per ton) over a core length of 12.5 metres (41 feet). (See press release dated October 12, 2006.)

Full assay results are documented in the following table:

Hole	From (metres)	To (metres_	Grade (g/t Au)	Core Length (metres)	Estimated True Width (metres)
MC-06-54 (-70°)	153.2	170.1	2.06	16.9	13.0
Including:	154.0	160.5	3.80	6.5	5.0
	156.0	160.5	4.37	4.5	3.5
MC-06-55 (-46°)	118.8	125.0	2.11	6.2	5.9
-including	119.9	123.7	3.31	3.8	3.6
	142.3	143.3	3.14	1.0	0.95
MC-06-56 (-65°)	133.1	146.3	1.34	13.2	11.2
-including	133.1	139.0	1.52	5.9	5.0
	149.8	151.3	3.17	1.5	1.3

The 2007 drilling program is now well underway, with two holes (MC-07-61 and MC-07-62) totalling 410 metres already completed. Both holes intersected the Dorset Deformation Zone and assay results are pending. A plan map showing location of drill holes and idealized cross sections can be viewed at the Company's website [www.trelawneyresources.com](http://www.trelawneyresources.com) within the next few days.

All split or sawn core samples were submitted to Accurassay Laboratories Ltd., Thunder Bay, Ontario, and / or Swastika Laboratories, Swastika, Ontario. All gold assaying was performed using a 30g standard fire assay with an AA and / or gravimetric finish.



The purpose of the drilling program is to provide sufficient drill information to outline an (NI 43-101 compliant) inferred mineral resource for the Dorset Zone, and to further evaluate the open pit potential and to test the on strike and depth potential of the zone. Wayne O'Connor, President of Trelawney stated: *"These are exciting times, and recent drilling on the Dorset Zone has continued to return significant gold values over good widths and management is very excited about the open pit and down depth potential of the zone. Now that camps are set up on site, diamond drilling will continue for the foreseeable future and Trelawney shareholders can expect lots of news during the coming months."*

A detailed structural study carried out on the property for Battle Mountain Canada Ltd. concluded that "the Dorset Zone is a primary, hydrothermal, stratiform, gold system with a minimum strike length of 1 kilometre which exhibits potential for significant areal extent" (Chris Beaumont – Smith, 1998). Airborne geophysical work suggests the Dorset Zone may have a potential strike length of about 6 kilometres.

Trelawney is earning up to a 70% interest in the property from MetalCorp Ltd. by spending \$2 million on exploration, by completing a feasibility study and issuing shares to MetalCorp.

A drilling program on the Mishibishu Lake Property optioned from Murgor Resources Inc. will also be conducted this winter as part of the expanded 20,000 metre drilling program. The Mishibishu Lake Property contains more than 30 known gold occurrences, the most important of which is the Martin Zone. The geology of the Martin Zone consists of pyrite and arsenopyrite mineralization in deformed, altered and quartz veined mafic metavolcanics. This zone has been traced for over a kilometre along strike in drill holes and trenches where assay results of 5.5 g/t Au over five metres were obtained from previous drilling. Ground and airborne geophysical surveys suggest that the zone may continue for more than three kilometres along strike. The Martin Zone appears to be similar in style and orientation to the Dorset Zone which is located about 400 metres to the north.

Trelawney is the largest land holder in the entire Wawa/Hemlo mining camp with approximately 21,000 acres now under its control. The Company's neighbour, gold producer Wesdome Gold Mines Ltd. holds approximately 16,000 acres. Trelawney has assembled the largest land package in this area since the Hemlo staking rush in the 1980s. The consolidated property contains over 48 known gold occurrences attesting to the potential of the Mishibishu greenstone belt.

The Company also advises that approximately 1.9 million warrants were exercised in December 2006 bringing in an additional \$330,000 of hard dollars into the treasury of the Company. The Company will also be attending the Vancouver Investment Conference on January 21 and 22 and will have a drillcore display in Booth # 1702.

This press release has been reviewed and approved by Robert Dues, P. Geo, and Trelawney's Qualified Person (QP) under NI 43-101.

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Shares Issued: 71,800,188

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The TSX Venture Exchange has neither approved nor disapproved of the information contained herein. Statements in this press release regarding the Company's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.